

Half Yearly Report (January – June 2021)

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and the creation of wealth
across Asia, Africa and the
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Futuremakers is our global initiative to tackle inequality and promote greater economic inclusion in our markets.



\$50M IN FUNDRAISING & BANK-MATCHING 2019-2023



LEARN



EARN



GROW

Empowering the NEXT GENERATION

BENEFICIARIES

Disadvantaged youth

with a focus on **Girls &**

Visually impaired people



FOCUS AREAS →

Education

500,000
adolescent girls

Employability

100,000
youth for work

Entrepreneurship

50,000
micro & small businesses

Global reach targets →

Delivering across Pakistan

In Pakistan Futuremakers' programmes empower disadvantaged youth to learn new skills and improve the next generation's chances of getting a job or starting their own business.

Education

Goal

Empowering adolescent girls with life skills

16,000+ girls
empowered since 2016

Youth to work

Employability:

Youth to Work is our global employability programme.

The Bank has recently hired two girls who were part of the Global programme. Employability module.

Employment of the visually impaired

25 Visually impaired employed at the Bank's call centre in Lahore and Karachi

Entrepreneurs for Growth

#SCWomenInTech

Launched in 2019 with the aim to focus on capacity building for women-owned small enterprises. In 2020, in addition to regular proposals the Bank introduced a new category for "COVID-19 relief-based proposals". In addition to the 5 winners, 2 Covid Relief projects were also awarded up to USD 10,000 to scale up their ventures.

Seeing is Believing

- Over 12 million beneficiaries impacted, including
- Conducted 500,000 sight restoration surgeries
- Trained 85,000+ lady healthcare workers on eye health
- Screened 15 million children for refractive errors



Get involved



Donate

All funds in Pakistan are directed towards the Bank's Goal Programme, a programme that focuses on empowering adolescent girls by teaching life skills combined with sports. You can make a donation at any Standard Chartered Branch. The account details are as follows:

Account Name: Right to Play – Futuremakers

Account Number: 18-4743873-18



Fundraise

Take part in any of the fundraising activities planned by Standard Chartered Bank (Pakistan) Limited



Contact

Pakistan.Corporate-Affairs@sc.com





Standard Chartered is a leading international banking group

We are a leading international banking group, with a presence in 59 of the world's most dynamic markets and serving clients in a further 85. Our purpose is to drive commerce and prosperity through our unique diversity, and our heritage and values are expressed in our brand promise, Here for good.

- **Standard Chartered Pakistan** is proud to be operating in the country as the **largest and oldest international Bank since 1863**.
- **Standard Chartered Pakistan** employs more than **2,400** people and has a network of **235** touch points (**45 branches, 157 ATMs, 24 CDMs and 9 CDKs**) across 10 cities.
- **Standard Chartered Pakistan** is the first International Bank to get an Islamic Banking licence and to open the **first Islamic Banking branch in the country**.
- **Standard Chartered Pakistan** is the leading bank for the **MNCs** operating in Pakistan. The Bank is the market leader for providing USD liquidity for **Corporates** and **Financial Institutions** in the country.
- **Standard Chartered Pakistan** plays a leading role in providing **FCY liquidity solutions** through innovative client centric structures.
- **Standard Chartered Pakistan** is a leading partner of **State Bank of Pakistan** in promoting **RMB** and increasing its use in Pakistan, which further strengthens its role as the main bank for **CPEC** led initiatives.
- **Standard Chartered Pakistan** partnered with **ANT FINANCIAL** in 2019 to launch the first block chain based **24/7**, cross border **wallet-to-wallet remittance** service between Malaysia and Pakistan.

AWARDS

Strong Recognition



Global Diversity and Inclusion Benchmark Awards 2020/2021



- Best Practice Award in Vision category
- Progressive Award in Benefits category
- Progressive Award in Communications category
- Progressive Award in Social Responsibility category

Asset Triple A - Islamic Finance Awards 2019/2020



- Best Investment Bank
- Best Deal in Pakistan
- Best Bank in Treasury, Trade, SSC and Risk

16th Annual Excellence Awards by CFA Society Awards 2019/2020



- Best medium sized Bank
- Best D&I Bank
- Runners up for Islamic Banking Window

Management Association of Pakistan Awards 2019



- Best Commercial Bank

The Banker Magazine Awards 2019/2020



- Best Islamic Bank

Global Finance Awards 2019/2020



- Best Digital Islamic Bank
- Best Sub-Custodian Bank 2020

Asia Money Awards 2019



- Best International Bank
- Best Bank for Premium Services

Finance Asia Awards 2018/2019



- Best Foreign Bank in Pakistan

Company Information

Board of Directors

Mr. Ian Anderson Bryden	Chairman
Mr. Rehan Muhammad Shaikh	Chief Executive Officer
Mrs. Spenta Kandawalla	
Mr. Towfiq Habib Chinoy	
Mr. Ehsan Ali Malik	
Mr. Mohamed Abdel Razek	
Mr. Adam Long	

Company Secretary

Mr. Asif Iqbal Alam

Board Audit Committee

Mr. Ehsan Ali Malik	Chairperson
Mr. Adam Long	Member
Mr. Mohamed Abdel Razek	Member

Board Risk Committee

Mr. Towfiq Habib Chinoy	Chairperson
Mr. Ehsan Ali Malik	Member
Mr. Rehan Muhammad Shaikh	Member

Board Human Resource & Remuneration Committee

Mrs. Spenta Kandawalla	Chairperson
Mr. Towfiq Habib Chinoy	Member
Mr. Adam Long	Member

Board IT Committee

Mr. Mohamed Abdel Razek	Chairperson
Mr. Ehsan Ali Malik	Member
Mr. Rehan Muhammad Shaikh	Member

Shariah Board

Shaikh Nizam Yaqouby	Chairperson
Mufti Muhammad Abdul Mubeen	
Mufti Irshad Ahmad Aijaz	
Mufti Hafiz Muhammad Sarfaraz Nihal (Resident)	

Auditors

M/s EY Ford Rhodes
Chartered Accountants

Legal Advisors

Haidermota & Co
Barristers at Law & Corporate Counselors

Registered/ Main Office

Standard Chartered Bank (Pakistan) Limited
P.O. Box No. 5556, I.I. Chundrigar Road,
Karachi-74000, Pakistan.
Tel: (021) 32450000
Fax: (021) 32414914

Website

www.sc.com/pk

Registrar/ Share Registration Office

M/s CDC Share Registrar Services Limited
CDC House, 99-B, Block B,
SMCHS, Main Shahra-e-Faisal,
Karachi - 74400

Toll Free: 0800 - 23275
Fax: (021) 34326053
Email: info@cdcpak.com

STANDARD CHARTERED BANK (PAKISTAN) LIMITED
30 JUNE 2021
DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Standard Chartered Bank (Pakistan) Limited (SCBPL or the Bank) along with the un-audited interim financial statements for the period ended 30th June 2021.

Economy

Pakistan demonstrated an earlier than expected economic recovery amid the Pandemic and partial lock downs. GDP grew by 3.9% in FY-21 on the back of strong pickup in large scale manufacturing, construction sector supported by growth in services sector.

External sector showed a promising picture driven by all-time high exports & remittances. Current Account posted a small deficit of USD 1.9bn (0.6% of GDP) in FY'21. Remittances showed a record growth of 27% in FY'21 to close at \$29.4b. Going forward external sector may come under pressure from growing imports (especially oil & commodities). Country's FX reserves as of June'21 stood at \$24.4bn (SBP's reserves of \$17.3bn) providing over 4 months import cover.

On the monetary front, inflation has continued its rising trend driven by higher oil prices leading to FY-21 CPI of 8.9%. Pak Rupee which appreciated in Q1'21 by 4%; depreciated by 6% since then till July'21, due to higher imports. SBP continues to maintain its accommodative monetary policy stance by keeping the policy rate at 7%.

Banks in Pakistan continue to remain well capitalized with an industry wide CAR of 18.3% and remain profitable with a ROE (after tax) of 12.7% for Q1 2021. Meanwhile, NPLs of the banking sector stood at 9.3% at close of Q1 2021 (9.2% at close of CY20).

Purpose

At Standard Chartered, our purpose is to drive commerce and prosperity through our unique diversity. This captures the spirit of Standard Chartered by bringing together the best of what we already have – our incredible diversity of locations, cultures and expertise and ties it to what we do as a Bank – facilitating commerce in the real economy.

Our purpose signifies the way we want to do business with a human aspect as prosperity is not just about financial wealth but contributes towards creating healthier and happier communities. The purpose also embodies a more proactive and high-performance culture.

Strategic priorities

We have continued to make good progress against the strategic priorities. As we accelerate our strategy, we have refined our focus onto four strategic priorities:

1) Network

Our global network is the key to our ability to compete profitably and remains a differentiator for our clients. We continue to leverage this strength and systematically increase network linked income through innovative solutions, product specialization and structured off-shore offerings. Our focus remains on facilitating our clients in the Belt and Road Initiative and other trade corridors as well as building momentum in Sovereign, Multinational and Local Corporates space.

2) Affluent

We continue to reinforce our strong credentials in the affluent segment by building loyalty and trust through offering our clients personalised wealth advice based on superior insight. Income from our affluent wealth business is up by 21%.



3) Mass Retail

We are investing in a range of proven digital capabilities that can substantially and economically scale up our mass market retail presence. We are doing this with enhanced data analytics and a superior end-to-end digital experience, developing opportunities on our own and with partners. Our digital transaction mix, including "SC Mobile" application customers, continue to increase. We have recently upgraded core banking system to advanced platform and are also spending on state of the art digital capabilities and solutions to drive enhanced client experience.

4) Sustainability

Our commitment to sustainability is not only about the economic activity we finance, but also about how we run our business. We invest in our people, promote the right values, behaviours and conduct, support the fight against financial crime and manage our environmental foot print. Our sustainability strategy seeks to strengthen relationships between our business, community, Government and clients. We will continue to focus on differentiated sustainability offering.

These strategic priorities are supported by three key enablers:

1) People & Culture

We are investing heavily in our people, giving colleagues the skills they need to succeed, bringing in expertise in critical areas and evolving to a more innovative and agile operating model.

2) New Ways of Working

We are fundamentally changing the way we work, accelerating our time-to-market and increasing productivity.

3) Innovation & Technology

We are driving innovation to improve our clients' experience, increase our operational efficiency and tap new sources of income.

Operating Results and Business Overview

	30 June 2021 (PKR millions)	31 December 2020 (PKR millions)
Balance Sheet		
Paid-up capital	38,716	38,716
Total equity	77,560	81,678
Deposits	588,589	556,506
Advances – gross	238,259	199,753
Advances – net	217,628	178,216
Investments – net	383,084	349,445
	Half year ended 30 June 2021 (PKR millions)	Half year ended 30 June 2020 (PKR millions)
Profit and Loss		
Revenue	17,172	23,508
Operating expenses	5,619	5,616
Other non mark-up expenses	321	366
Operating profit (before provisions and tax)	11,232	17,526
Provisions / (recovery) and write offs - net	(721)	1,274
Profit before tax	11,953	16,252
Profit after tax	6,784	9,851
Earnings per Share (EPS) - Rupees	1.75	2.54

Despite uncertainties surrounding Covid 19, the Bank delivered a resilient financial performance with a Profit before tax of PKR 12.0 billion compared to PKR 16.3 billion in corresponding period last year. Revenue was lower by PKR 6.3 billion primarily due to sharp reduction in interest rates in Q2'20, subdued economic activity and market volatility which impacted foreign exchange income, revaluation income on derivatives and gain on sale of securities. Administrative costs continue to be well managed through operational efficiencies and disciplined spending with a reduction of 1% compared to same period last year. Moreover, strong recoveries of bad debts, coupled with lower impairments as a result of prudent risk approach led to a net release of PKR 0.7 billion in H'21 compared to a charge of PKR 1.3 billion in the comparative period.

All businesses have positive momentum with strong growth in underlying drivers. This is evident from pickup in net advances, which have grown by 22% since the start of this year. This was a result of targeted strategy to build profitable, high quality and sustainable portfolios. With a diversified product base, the Bank is well positioned to cater for the needs of its clients. On the liabilities side, the Bank's total deposits grew by PKR 32 billion, whereas current and saving accounts grew by PKR 30 billion (up 6%) since the start of this year and comprise 93% of the deposit base.

From 2021, we streamlined our organisation by integrating our existing business units into two segments; Corporate, Commercial & Institutional Banking (CCIB); and Consumer, Private and Business Banking (CPBB). The creation of the CCIB segment, brings together Corporate & Institutional Banking and Commercial Banking, simplifies the way we work globally, keeping our distinct local client focus, with a less complex organisation on the ground and a single team to partner with our clients and stakeholders. Our Retail and Business Banking units are part of CPBB. These changes will enable us to deliver our services more effectively to our clients, having a more global approach while serving our clients locally.

The Bank continues to invest in its digital capabilities and infrastructure to enhance our clients' banking experience through the introduction of innovative solutions. We have made steady progress in further strengthening our control and compliance environment by focusing on our people, culture and systems. We are fully committed to sustained growth by consistently focusing on our clients and product suite along with a prudent approach to building the balance sheet while bringing the best in class services to our customers.

Our digital journey is well on-track and we are continuously investing and innovating to provide a seamless client experience throughout all our segments.

Outlook

While the external environment remains challenging, we expect a gradual recovery from the pandemic in 2021. Pace of recovery will be dependent on the efficacy of Government initiatives and policies as well as on the persistence of the COVID-19 virus itself.

Our results demonstrate our strong business fundamentals. We recognise the challenging times ahead and are committed to support our clients and employees whilst ensuring our clients' needs are at the heart of everything we do.

Having strengthened our foundations on controls and conduct we are well equipped to manage our risks, capital and liquidity effectively. The prudent and proactive measures that we are taking now will make us leaner and fitter to take advantage of the opportunities that lie ahead.

Credit Rating

Pakistan Credit Rating Agency (PACRA) has maintained the Bank's long-term and short-term ratings of "AAA" (Triple A) and "A1+" (A One Plus) respectively. These ratings denote the lowest expectation of credit risk emanating from an exceptionally strong capacity for timely payment of financial commitments.



Dividend

Interim cash dividend of 12.50% (PKR 1.25/- per share) in respect of the half year ended June 30, 2021 has been declared by the Board of Directors in their meeting held on August 24, 2021.

Appreciation and Acknowledgment

We take this opportunity to express our gratitude to our clients and business partners for their continued support and trust. We offer sincere appreciation to the State Bank of Pakistan for its guidance and cooperation extended to the Bank. Finally, we are also thankful to our associates, staff and colleagues for their committed services provided to our valued clients.

On behalf of the Board

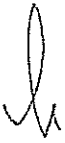


Chief Executive Officer



Director

Karachi: 24th August 2021





EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Seagram Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.kh@pk.ey.com
ey.com/pk

TO THE MEMBERS OF STANDARD CHARTERED BANK (PAKISTAN) LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Standard Chartered Bank (Pakistan) Limited (the Bank)** as at **30 June 2021** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement, and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months ended 30 June 2021 and 30 June 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2021.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Omer Chughtai.

Chartered Accountants

Karachi

Date: 26 August 2021

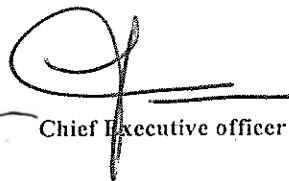
Standard Chartered Bank (Pakistan) Limited

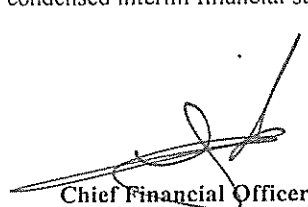
Statement of Financial Position

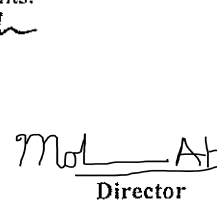
As at 30 June 2021

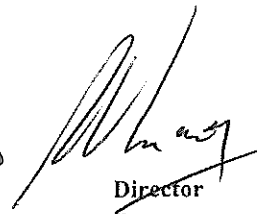
	Note	(Un-audited) 30 June 2021	(Audited) 31 December 2020
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	6	52,823,749	54,366,569
Balances with other banks	7	7,393,184	11,271,237
Lendings to financial institutions	8	22,194,832	69,551,802
Investments	9	383,083,786	349,444,772
Advances	10	217,627,894	178,216,374
Fixed assets	11	11,180,695	11,910,762
Intangible assets	12	26,095,318	26,095,324
Deferred tax assets - net		-	-
Other assets	13	37,813,819	21,047,905
		758,213,277	721,904,745
LIABILITIES			
Bills payable	14	15,578,043	10,712,040
Borrowings	15	25,560,247	23,293,381
Deposits and other accounts	16	588,588,500	556,505,923
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities - net	17	2,816,981	2,624,986
Other liabilities	18	48,109,583	47,090,605
		680,653,354	640,226,935
NET ASSETS		77,559,923	81,677,810
REPRESENTED BY:			
Share capital		38,715,850	38,715,850
Reserves		23,854,390	22,497,551
Surplus on revaluation of assets	19	7,479,234	7,755,848
Unappropriated profit		7,510,449	12,708,561
		77,559,923	81,677,810
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

 Chairman
 Chief Executive officer

 Chief Financial Officer

 Director

 Director

Standard Chartered Bank (Pakistan) Limited
Profit and Loss Account (Un-audited)
For the six months period ended 30 June 2021

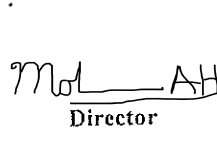
		Three months period ended 30 June 2021	Six months period ended 30 June 2021	Three months period ended 30 June 2020	Six months period ended 30 June 2020
	Note	(Rupees in '000)			
Mark-up / return / interest earned	21	11,205,075	21,586,753	14,417,128	30,218,323
Mark-up / return / interest expensed	22	(4,885,556)	(9,245,401)	(6,522,078)	(14,684,273)
Net mark-up / interest income		6,319,519	12,341,352	7,895,050	15,534,050
NON MARK-UP / INTEREST INCOME					
Fee and commission income	23	765,767	1,832,609	677,682	1,676,577
Dividend income		11,243	20,841	-	-
Foreign exchange income	24	648,817	1,130,690	1,726,318	2,602,274
Income / (loss) from derivatives		233,620	396,564	116,098	990,614
Gain / (loss) on securities	25	865,865	1,393,276	1,196,792	2,689,887
Other income	26	23,657	56,763	4,227	14,978
Total non mark-up / interest income		2,548,969	4,830,743	3,721,117	7,974,330
Total Income		8,868,488	17,172,095	11,616,167	23,508,380
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	27	(2,803,888)	(5,618,696)	(2,839,913)	(5,615,895)
Workers welfare fund		(134,852)	(318,261)	(198,159)	(363,495)
Other charges	28	12,762	(3,322)	(2,885)	(2,885)
Total non mark-up / interest expenses		(2,925,978)	(5,940,279)	(3,040,957)	(5,982,275)
Profit before provisions		5,942,510	11,231,816	8,575,210	17,526,105
Reversals / (provisions) and write offs - net	29	147,854	720,744	(1,087,164)	(1,274,189)
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		6,090,364	11,952,560	7,488,046	16,251,916
Taxation	30	(2,525,145)	(5,168,367)	(2,945,569)	(6,400,989)
PROFIT AFTER TAXATION		3,565,219	6,784,193	4,542,477	9,850,927
(Rupees)					
BASIC / DILUTED EARNINGS PER SHARE	31	0.92	1.75	1.17	2.54

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.


Chairman


Chief Executive Officer


Chief Financial Officer


Director

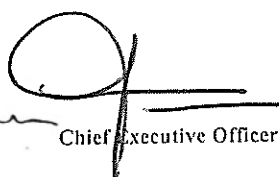

Director

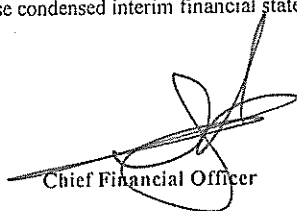
Standard Chartered Bank (Pakistan) Limited
Statement of Comprehensive Income (Un-audited)
For the six months period ended 30 June 2021

	Three months period ended 30 June 2021	Six months period ended 30 June 2021	Three months period ended 30 June 2020	Six months period ended 30 June 2020
	----- (Rupees in '000) -----			
Profit after tax for the period	3,565,219	6,784,193	4,542,477	9,850,927
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	5,179	(236,244)	568,500	1,379,378
Movement in Surplus / (deficit) on revaluation of fixed assets - deferred tax rate impact	(29,432)	(29,432)	-	-
Items that will not be reclassified as to profit and loss account in subsequent periods	-	-	-	-
Total comprehensive income for the period	<u>3,540,966</u>	<u>6,518,517</u>	<u>5,110,977</u>	<u>11,230,305</u>

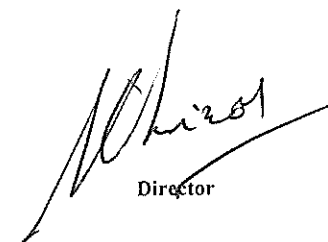
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Chairman


Chief Executive Officer


Chief Financial Officer


Director

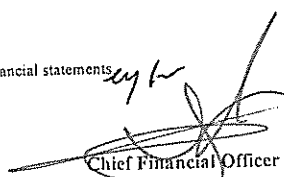

Director

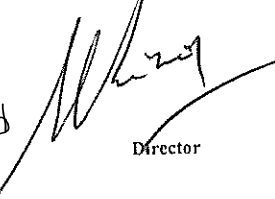
Standard Chartered Bank (Pakistan) Limited
Statement of Changes in Equity (Un-audited)
For the six months period ended 30 June 2021

	Share Capital	Share Premium	Statutory Reserve	Surplus / (Deficit) on revaluation of		Unappropriated Profit	Total
				Investments	Fixed Assets		
	(Rupees in '000)						
Balance as at 01 January 2020 - Audited	38,715,850	1,036,090	18,834,865	(64,782)	5,447,623	8,946,857	72,916,503
Total comprehensive income for the period	-	-	-	-	-	9,850,927	9,850,927
Profit after tax for the six months period ended 30 June 2020	-	-	-	-	-	9,850,927	9,850,927
Other comprehensive income	-	-	-	1,379,378	-	-	1,379,378
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	1,379,378	-	9,850,927	11,230,305
Transactions with owners, recorded directly in equity							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	16,796	16,796
Cash dividend (Final 2019) at Rs 1.75 per share	-	-	-	-	-	(6,775,274)	(6,775,274)
Transfer to statutory reserve	-	-	1,970,185	-	-	(6,758,478)	(6,758,478)
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(8,089)	(1,970,185)	-
Balance as at 30 June 2020 - Un-audited	38,715,850	1,036,090	20,805,050	1,314,596	5,439,534	8,089	77,388,330
Total comprehensive income for the period	-	-	-	-	-	3,282,055	3,282,055
Profit after tax for the six months period ended 31 December 2020	-	-	-	-	-	3,282,055	3,282,055
Other comprehensive income	-	-	-	(1,049,911)	-	-	(1,049,911)
Movement in surplus on revaluation of investments - net of tax	-	-	-	-	-	(6,237)	(6,237)
Remeasurement of post employment obligations - net of tax	-	-	-	-	-	-	-
Surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	2,097,416	-	2,097,416
Transactions with owners, recorded directly in equity	-	-	-	(1,049,911)	2,097,416	3,275,818	4,323,323
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	(33,843)	(33,843)
Transfer to statutory reserve	-	-	656,411	-	-	(656,411)	-
Realised on disposals during the period - net of deferred tax	-	-	-	-	(37,810)	37,810	-
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(7,977)	7,977	-
Balance as at 31 December 2020 - Audited	38,715,850	1,036,090	21,461,461	264,685	7,491,163	12,708,561	81,677,810
Total comprehensive income for the period	-	-	-	-	-	6,784,193	6,784,193
Profit after tax for the six months period ended 30 June 2021	-	-	-	-	-	6,784,193	6,784,193
Other comprehensive income	-	-	-	-	(29,432)	-	(29,432)
Movement in surplus / (deficit) on revaluation of fixed assets - deferred tax rate impact	-	-	-	(236,244)	-	-	(236,244)
Movement in surplus on revaluation of investments - net of tax	-	-	-	(236,244)	(29,432)	6,784,193	6,518,517
Transactions with owners, recorded directly in equity							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	10,455	10,455
Cash dividend (2020) at Rs 2.75 per share	-	-	-	-	-	(10,646,859)	(10,646,859)
Transfer to statutory reserve	-	-	1,356,839	-	-	(10,636,404)	(10,636,404)
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(10,938)	(1,356,839)	-
Balance as at 30 June 2021 - Un-audited	38,715,850	1,036,090	22,818,300	28,441	7,450,793	7,510,449	77,559,923

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements

 Chairman
 Chief Executive Officer

 Chief Financial Officer

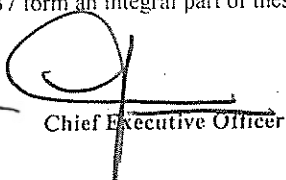
 Director
 Director

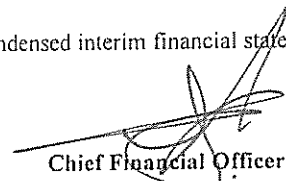
Standard Chartered Bank (Pakistan) Limited
Cash Flow Statement (Un-audited)
For the six months period ended 30 June 2021

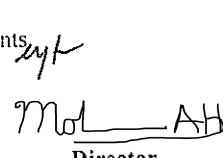
	Note	30 June 2021	30 June 2020
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation for the period		11,952,560	16,251,916
Less: Dividend income		(20,841)	-
		<u>11,931,719</u>	<u>16,251,916</u>
Adjustments for:			
Depreciation	27	518,247	560,133
Amortization	27	6	26
Gain on sale of fixed assets	26	(3,937)	(4,477)
Unrealized gain on revaluation of investments classified as held for trading - net	25	(68,333)	(239,122)
Finance cost against lease		147,456	214,579
Gain on lease termination		(40,758)	(5,015)
(Reversals) / provisions and write offs - net	29	(720,744)	1,274,189
		<u>(168,063)</u>	<u>1,800,313</u>
		11,763,656	18,052,229
Decrease / (increase) in operating assets			
Lending to financial institutions		47,356,970	(38,191,338)
Held-for-trading securities		15,758,676	(13,392,761)
Advances		(38,685,961)	28,808,923
Other assets (excluding advance taxation)		(19,631,538)	3,896,649
		<u>4,798,147</u>	<u>(18,878,527)</u>
Increase in operating liabilities			
Bills payable		4,866,003	183,051
Borrowings from financial institutions		2,324,183	421,538
Deposits		32,082,577	81,092,294
Other liabilities		1,152,215	(6,316,546)
		<u>40,424,978</u>	<u>75,380,337</u>
Cash inflow before taxation		56,986,781	74,554,039
Income tax paid		(1,975,805)	(2,614,677)
Net cash flow generated from operating activities		<u>55,010,976</u>	<u>71,939,362</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(49,329,357)	(82,992,365)
Dividend received		20,841	-
Investment in fixed assets		(127,697)	(121,166)
Proceeds from sale of fixed assets		3,937	4,477
Net cash flow used in investing activities		<u>(49,432,276)</u>	<u>(83,109,054)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(10,631,030)	(58,209)
Payment in respect of lease liability		(311,226)	(292,018)
Net cash flow used in financing activities		<u>(10,942,256)</u>	<u>(350,227)</u>
Decrease in cash and cash equivalents for the period		(5,363,556)	(11,519,919)
Cash and cash equivalents at beginning of the period		64,913,474	62,879,650
Effect of exchange rate changes on cash and cash equivalents		665,740	1,227,349
		<u>65,579,214</u>	<u>64,106,999</u>
Cash and cash equivalents at end of the period		<u>60,215,658</u>	<u>52,587,080</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Cash and balances with treasury banks		52,823,749	49,159,054
Balances with other banks		7,393,184	3,621,271
Overdrawn nostros		(1,275)	(193,245)
		<u>60,215,658</u>	<u>52,587,080</u>

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements


Chairman


Chief Executive Officer


Chief Financial Officer


Director


Director

Standard Chartered Bank (Pakistan) Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
For the six months period ended 30 June 2021

1 STATUS AND NATURE OF BUSINESS

Standard Chartered Bank (Pakistan) Limited ("the Bank") was incorporated in Pakistan on 19 July 2006 and was granted approval for commencement of banking business by State Bank of Pakistan, with effect from 30 December 2006. The ultimate holding company of the Bank is Standard Chartered Plc., incorporated in England. The registered office is at Standard Chartered Bank Building, I.I. Chundrigar Road, Karachi.

The Bank commenced formal operations on 30 December 2006 through amalgamation of entire undertaking of Union Bank Limited and the business carried on by the branches in Pakistan of Standard Chartered Bank, a bank incorporated by Royal Charter and existing under the laws of England. The scheme of amalgamation was sanctioned by State Bank of Pakistan vide its order dated 4 December 2006. The Bank's shares are listed on Pakistan Stock Exchange.

The Bank is engaged in the banking business as defined in the Banking Companies Ordinance, 1962 and has a total number of 45 branches in Pakistan including 2 Islamic branches (31 December 2020: 53 branches in Pakistan including 3 Islamic branches) in operation at 30 June 2021.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP).

In case the requirement of Companies Act, 2017, Banking Companies Ordinance, 1962, directives issued thereunder or IFAS differ from the requirements of IAS 34, the requirements of Companies Act, 2017, Banking Companies Ordinance, 1962, directives issued thereunder and IFAS have been followed.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated 26 August 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning after 1 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in these financial statements of the Bank. The SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BSD Circular 04 of 2006 and BPRD Circular Letter No. 05 of 2019, as amended from time to time.

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 5 dated March 22, 2019 and IAS 34. These condensed interim financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2020.

2.2 Standards, interpretations of and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current period

There are certain interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 01 January 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these condensed interim financial statements. *myl*

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current period

The following standards, interpretations, and amendments to accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard, interpretation, or amendment: These are not likely to have material effect on the Bank's financial statements except for the following:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	01 January 2023

The above standards and amendments are not expected to have any material impact on the Bank's financial statements in the period of initial application.

IFRS 9 'Financial instruments' - IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The State Bank of Pakistan, vide its BPRD Circular No. 24 dated July 5, 2021 has extended the application date and directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2022.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	01 January 2023

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2020.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2020.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2020. *myh*

6	CASH AND BALANCES WITH TREASURY BANKS	Note	30 June 2021	31 December 2020
			(Un-audited)	(Audited)
			(Rupees in '000)	
	In hand		4,460,935	5,528,174
	- Local currency		9,939,255	9,501,145
	- Foreign currencies			
	With State Bank of Pakistan in:			
	- Local currency current account	6.1	22,353,216	22,213,407
	- Local currency current account - Islamic Banking	6.1	2,350,289	2,433,653
	Foreign currency deposit account			
	- Cash reserve account	6.2	4,157,035	4,625,037
	- Special cash reserve account	6.2	7,951,908	8,892,238
	- Local US Dollar collection account		788,127	241,009
	With National Bank of Pakistan in:			
	- Local currency current account		548,704	729,256
			274,280	202,650
	Prize Bonds		<u>52,823,749</u>	<u>54,366,569</u>
6.1	The local currency current account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 22 of the Banking Companies Ordinance, 1962. This section requires banking companies to maintain a local currency cash reserve in the current account opened with the SBP at a sum not less than such percentage of its demand and time liabilities in Pakistan as may be prescribed by SBP.			
6.2	As per BSD Circular No. 15 dated June 21, 2008, cash reserve of 5 percent and special cash reserve of 15 percent (for Islamic 6 percent) are required to be maintained with SBP on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits). However due to the COVID - 19 pandemic the State Bank of Pakistan (SBP) has responded to the crisis by giving relaxation. As per DMMD Circular No. 08 of 2020, dated 17 April 2020, cash reserve of 5 percent and special cash reserve of 10 percent (for Islamic 6 percent) are required to be maintained with SBP on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).			
7	BALANCES WITH OTHER BANKS	Note	30 June 2021	31 December 2020
			(Un-audited)	(Audited)
			(Rupees in '000)	
	Outside Pakistan			
	- In current accounts	7.1	<u>7,393,184</u>	<u>11,271,237</u>
7.1	This includes balances of Rs. 7,347.080 million (2020: Rs. 11,217.368 million) held with other branches and subsidiaries of Standard Chartered Group outside Pakistan.			
8	LENDINGS TO FINANCIAL INSTITUTIONS	Note	30 June 2021	31 December 2020
			(Un-audited)	(Audited)
			(Rupees in '000)	
	Repurchase agreement lendings (Reverse Repo)	8.1	961,113	7,424,924
	Bai Muajjal receivable from State Bank of Pakistan		-	1,845,421
	Placements	8.2	<u>21,233,719</u>	<u>60,281,457</u>
			<u>22,194,832</u>	<u>69,551,802</u>
8.1	This carries mark-up rate at 7.05 percent (2020: 6.2 percent to 7.0 percent) per annum payable at maturity, and is due to mature in July 2021. This arrangement is governed under Master Repurchase Agreement.			
8.2	This represents placements with other branches and subsidiaries of Standard Chartered Group outside Pakistan at mark-up rates ranging from 0.05 percent to 0.15 percent per annum (2020: 0.05 percent to 0.10 percent per annum), and are due to mature in July 2021.			

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Note 30 June 2021 31 December
(Un-audited) 2020 (Audited)

(Rupees in '000)

8.3 Particulars of lending

In local currency	961,113	9,270,345
In foreign currencies	21,233,719	60,281,457
	8.3.1 22,194,832	69,551,802

8.3.1 None of the lending to financial institutions were classified at period end.

9 INVESTMENTS

9.1 Investments by type

Held for trading securities

Federal Government Securities	20,704,966	-	68,333	20,773,299	36,463,642	-	78,166	36,541,808
	20,704,966	-	68,333	20,773,299	36,463,642	-	78,166	36,541,808

Available for sale securities

Federal Government Securities	362,060,613	-	(54,673)	362,005,940	312,194,073	-	343,198	312,537,271
Shares	837,648	(734,398)	100,978	204,228	836,081	(734,398)	62,646	164,329
Non Government Debt Securities	385,025	(285,025)	319	100,319	485,025	(285,025)	1,364	201,364
	363,283,286	(1,019,423)	46,624	362,310,487	313,515,179	(1,019,423)	407,208	312,902,964

Total Investments

	383,988,252	(1,019,423)	114,957	383,083,786	349,978,821	(1,019,423)	485,374	349,444,772
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9.2 Provision for diminution in the value of investments

Opening balance
Charge for the period / year
Closing Balance

30 June 2021 (Un-audited)	31 December 2020 (Audited)
1,019,423	1,019,423
-	-
1,019,423	1,019,423

9.2.1 Particulars of provision against debt securities

Category of classification

Domestic

Loss

30 June 2021 (Un-audited)		31 December 2020 (Audited)	
Non Performing Investment	Provision	Non Performing Investment	Provision
(Rupees in '000)			
285,025	285,025	285,025	285,025
285,025	285,025	285,025	285,025

10 ADVANCES

Note	Performing		Non Performing		Total	
	30 June 2021 (Un-audited)	31 December 2020 (Audited)	30 June 2021 (Un-audited)	31 December 2020 (Audited)	30 June 2021 (Un-audited)	31 December 2020 (Audited)
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	154,389,133	136,151,416	19,675,734	20,804,684	174,064,867	156,956,100
Islamic financing and related assets	60,293,580	38,258,659	1,778,946	1,890,294	62,072,526	40,148,953
Bills discounted and purchased (excluding treasury bills)	2,121,436	2,647,524	-	-	2,121,436	2,647,524
Advances - gross	216,804,149	177,057,599	21,454,680	22,694,978	238,258,829	199,752,577
Provision for non-performing advances	-	-	(17,971,738)	(18,965,250)	(17,971,738)	(18,965,250)
- Specific	(2,659,197)	(2,570,953)	-	-	(2,659,197)	(2,570,953)
- General	(2,659,197)	(2,570,953)	(17,971,738)	(18,965,250)	(20,630,935)	(21,536,203)
Advances - net of provision	214,144,952	174,486,646	3,482,942	3,729,728	217,627,894	178,216,374

10.1 Particulars of advances - gross

	30 June 2021 (Un-audited)	31 December 2020 (Audited)
	(Rupees in '000)	
In local currency	235,243,515	197,517,154
In foreign currencies	3,015,314	2,235,423
	238,258,829	199,752,577

10.2 Advances include Rs. 21,454.680 million (31 December 2020: Rs. 22,694.978 million) which have been placed under non-performing status (including subjective downgrades) are detailed as below:

Category of classification	30 June 2021 (Un-audited)		31 December 2020 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic	116,098	-	182,214	-
Other assets especially mentioned	1,349,402	268,644	1,653,142	338,528
Substandard	3,913,931	1,853,547	3,953,291	1,872,838
Doubtful	16,075,249	15,849,547	16,906,331	16,753,884
Loss	21,454,680	17,971,738	22,694,978	18,965,250

10.2.1 At 30 June 2021, the provision requirement has been reduced by Rs. 328.413 million (31 December 2020: Rs. 229.642 million) being benefit of Forced Sale Value (FSV) of commercial, residential and industrial properties (land and building only) held as collateral, in accordance with the State Bank of Pakistan Prudential Regulations (PR) and SBP Circular 10 dated 21 October 2011. Increase in accumulated profits amounting to Rs. 200.332 million due to the said FSV benefit is not available for distribution of cash and stock dividend / bonus to employees

10.3 Particulars of provision against advances

	30 June 2021 (Un-audited)			31 December 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	18,965,250	2,570,953	21,536,203	16,375,109	806,318	17,181,427
Charge for the period / year	205,167	92,611	297,778	3,367,205	1,778,760	5,145,965
Reversals	(997,982)	(4,367)	(1,002,349)	(361,460)	(14,125)	(375,585)
	(792,815)	88,244	(704,571)	3,005,745	1,764,635	4,770,380
Amounts written off	(185,142)	-	(185,142)	(449,474)	-	(449,474)
Other movements (including FX adjustments)	(15,555)	-	(15,555)	33,870	-	33,870
Closing balance	17,971,738	2,659,197	20,630,935	18,965,250	2,570,953	21,536,203

10.3.1 General provision includes provision amounting to Rs 885.336 million (31 December 2020: Rs 798.348 million) against the consumer finance portfolio. It also includes Rs 0.933 million (31 December 2020: Rs 1.025 million) pertaining to Small Enterprise (SE) portfolio in accordance with SBP Prudential Regulations. Given the uncertain economic environment, the management booked a general provision of up to 1% (Rs 1,773 million) last year on the performing credit portfolio on prudent basis. This general provision is in addition to the requirements of Prudential Regulations. Management believes that the Bank should maintain this provision till uncertainty surrounding Covid 19 settles down.

11 FIXED ASSETS

Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
	(Rupees in '000)	
11.1	90,879	76,340
Capital work-in-progress	11,089,816	11,834,422
Property and equipment	11,180,695	11,910,762
11.1	58,004	18,112
Civil works	32,875	58,228
Equipment	90,879	76,340

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	30 June 2021 (Un-audited)	31 December 2020 (Audited)
	------(Rupees in '000)-----	
11.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress - net	14,539	(213,893)
Electrical office and computer equipment	111,864	335,059
Leasehold improvement	1,294	-
	<u>113,158</u>	<u>335,059</u>

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is Rs. Nil (30 June 2020: Rs. Nil). In addition, net book value upon derecognition of Right of use asset (ROU) during the period amounted to Rs. 189.4 million (30 June 2020: Rs 38.4 million).

11.4 This also includes Right of use asset (ROU) in line with IFRS 16 amounting to Rs 2,021.919 million (31 December 2020: Rs 2,479.656 million).

	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
		------(Rupees in '000)-----	
12 INTANGIBLE ASSETS			
Goodwill		26,095,310	26,095,310
Core deposits intangible	12.1	-	-
Customer relationships intangible		8	14
Brand names	12.2	-	-
Computer Software	12.1	-	-
		<u>26,095,318</u>	<u>26,095,324</u>

12.1 These items have been fully amortized.

12.2 Additions to intangible assets

The additions made to intangible assets during the period is Rs. Nil (31 December 2020: Rs. Nil)

12.3 Disposals of intangible assets

The disposal made to intangible assets during the period is Rs. Nil (31 December 2020: Rs. Nil).

	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
		------(Rupees in '000)-----	
13 OTHER ASSETS			
Income / mark-up accrued in local currency		6,111,611	5,340,668
Income / mark-up accrued in foreign currencies		6,109	5,173
Advances, deposits, advance rent and other prepayments		202,433	297,129
Defined benefit plans		8,726	8,726
Advance taxation (payments less provisions)		1,005,726	3,922,690
Branch adjustment account		536	-
Mark to market gain on forward foreign exchange contracts		1,983,778	3,709,568
Interest rate derivatives and currency options - positive fair value		278,232	294,883
Receivable from SBP / Government of Pakistan		289,098	224,580
Receivable from associated undertakings		5,044	12,522
Assets Held for Sale	13.1	402,298	244,261
Receivable from Standard Chartered Bank, Sri Lanka operations		34,773	38,281
Advance Federal Excise Duty		-	188,443
Cards Settlement account		2,337,893	1,599,145
Acceptances		8,204,915	4,934,015
Unsettled trades - Debt Securities		16,714,287	-
Sundry receivables		205,851	208,468
Others		110,285	107,129
		<u>37,901,595</u>	<u>21,135,681</u>
Less: Provision held against other assets	13.2	(87,776)	(87,776)
Other Assets - net of provisions		<u>37,813,819</u>	<u>21,047,905</u>

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- 13.1 These represents carrying value of vacant owned properties which the Bank intends to dispose-off. The management considered these property to meet the criteria to be classified as held for sale at the date of classification. These assets are available for immediate sale and can be sold in it's current condition. During the year, the Bank classified additional properties as held for sale with a carrying value of Rs 158.037 million. As at the reporting date, the management has assessed the fair value less cost to sell of all properties to be higher than their carrying amount.

13.2	Provision held against other assets	30 June 2021 (Un-audited)	31 December 2020 (Audited)
		(Rupees in '000)	
	Others - Trade related	87,776	87,776
14	BILLS PAYABLE		
	In Pakistan	15,116,876	10,318,201
	Outside Pakistan	461,167	393,839
		15,578,043	10,712,040
15	BORROWINGS		
	In Pakistan	25,558,972	23,234,789
	Outside Pakistan	1,275	58,592
		25,560,247	23,293,381
15.1	Details of borrowings secured / unsecured		
	Secured		
	Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	21,126,839	18,022,855
	Refinance scheme for payment of wages and salaries	3,648,326	4,864,434
	State Bank of Pakistan - LTFF	192,194	203,500
	Financing facility for renewable energy plants	591,613	144,000
		25,558,972	23,234,789
	Unsecured		
	Call borrowings	1,275	58,592
	Overdrawn nostro accounts	25,560,247	23,293,381

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16 DEPOSITS AND OTHER ACCOUNTS

Note	30 June 2021 (Un-audited)			31 December 2020 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000)					
Customers						
- Fixed deposits	42,679,115	1,118,176	43,797,291	40,940,204	337,325	41,277,529
- Savings deposits	260,596,457	21,245,606	281,842,063	237,296,916	23,905,772	261,202,688
- Current accounts	158,660,378	61,556,539	220,216,917	149,571,073	62,515,663	212,086,736
- Margin accounts	2,442,162	158,332	2,600,494	4,943,460	169,424	5,112,884
- Special exporters' account	6,476,716	-	6,476,716	6,158,718	-	6,158,718
	470,854,828	84,078,653	554,933,481	438,910,371	86,928,184	525,838,555
Financial Institutions						
- Fixed deposits	2,860,823	8,127	2,868,950	443,044	8,246	451,290
- Savings deposits	14,802,021	1,136,893	15,938,914	10,243,113	2,200,498	12,443,611
- Current accounts	11,199,999	3,560,835	14,760,834	11,479,668	6,200,526	17,680,194
- Margin accounts	14,895	71,426	86,321	18,078	74,195	92,273
	28,877,738	4,777,281	33,655,019	22,183,903	8,483,465	30,667,368
	499,732,566	88,855,934	588,588,500	461,094,274	95,411,649	556,505,923

16.1 This includes Rs. 700.999 million (2020: Rs. 568.665 million) against balances of other branches and subsidiaries of Standard Chartered Group.

17 DEFERRED TAX ASSETS / (LIABILITIES)

The following are major deferred tax assets / (liabilities) recognised and movement thereon:

Note	30 June 2021 (Un-audited)			
	At 1 January 2021	Recognised in profit and loss	Recognised in OCI	At 30 June 2021
	(Rupees in '000)			
Deductible Temporary Differences on				
Post retirement employee benefits	3,054	-	-	3,054
Worker Welfare Fund	876,342	100,153	-	976,495
Provision against advances, off balance sheet etc.	2,914,861	(338,223)	-	2,576,638
Accelerated tax depreciation	67,486	33,561	-	101,047
Unpaid liabilities	3,043,259	954,426	-	3,997,685
	6,905,002	749,917	-	7,654,919
Taxable Temporary Differences on				
Surplus on revaluation of fixed assets	(254,107)	6,993	(29,432)	(276,546)
Surplus on revaluation of investments	(142,523)	-	124,339	(18,184)
Goodwill	(9,133,358)	(1,043,812)	-	(10,177,170)
	(9,529,988)	(1,036,819)	94,907	(10,471,900)
	(2,624,986)	(286,902)	94,907	(2,816,981)
	31 December 2020 (Audited)			
	At 1 January 2020	Recognised in profit and loss	Recognised in OCI	At 31 December 2020
	(Rupees in '000)			
Deductible Temporary Differences on				
Post retirement employee benefits	2,476	-	578	3,054
Worker Welfare Fund	-	876,342	-	876,342
Provision against advances, off balance sheet etc.	1,805,362	1,109,499	-	2,914,861
Accelerated tax depreciation	71,424	(3,938)	-	67,486
Unpaid liabilities	2,403,306	639,953	-	3,043,259
	4,282,568	2,621,856	578	6,905,002
Taxable Temporary Differences on				
Surplus on revaluation of fixed assets	(194,429)	8,651	(68,329)	(254,107)
Surplus / (deficit) on revaluation of investments	34,883	-	(177,406)	(142,523)
Goodwill	(7,830,986)	(1,302,372)	-	(9,133,358)
	(7,990,532)	(1,293,721)	(245,735)	(9,529,988)
	(3,707,964)	1,328,135	(245,157)	(2,624,986)

17.1 In terms of the Seventh Schedule to the Income Tax Law, the claim of provision for advances and off balance sheet items in respect of Corporate and Consumer (including SME) advances has been restricted to 1% and 5% of gross advances respectively. As such deferred tax asset has been recognised. The management based on projection of taxable profits, considers that the Bank would be able to claim deductions in future years within the prescribed limits in seventh schedule. It also includes deferred tax asset on pre seventh schedule provision against loans and advances disallowed, which only become tax allowable upon being written off. *myr*

18	OTHER LIABILITIES	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
			----- (Rupees in '000) -----	
	Mark-up / return / interest payable in local currency		493,918	502,125
	Mark-up / return / interest payable in foreign currencies		170	-
	Accrued expenses		2,840,985	3,095,978
	Advance payments		457,145	435,564
	Sundry creditors		7,616,049	7,644,474
	Mark to market loss on forward foreign exchange contracts		3,791,629	4,602,999
	Unrealized loss on interest rate derivatives and currency options		3,149,372	3,746,037
	Due to Holding Company	18.1	10,275,556	10,279,247
	Charity fund balance		7,524	10,557
	Dividend payable		126,833	111,004
	Branch adjustment account		-	815
	Provision against off balance sheet obligations	18.2	251,610	226,638
	Worker's welfare fund (WWF) payable	18.3	2,692,382	2,374,120
	Lease liability	18.4	2,285,261	2,866,994
	Short sell - Government Securities		3,538,403	5,974,790
	Acceptances		8,204,915	4,934,015
	Unsettled trades - debt securities		2,176,354	-
	Others		201,477	285,248
			<u>48,109,583</u>	<u>47,090,605</u>

18.1 Due to Holding Company

On account of reimbursement of executive and general administrative expenses	10,250,476	10,250,476
Dividend and other payable	25,080	28,771
	<u>10,275,556</u>	<u>10,279,247</u>

18.2 Provision against off-balance sheet obligations

Opening balance	226,638	235,130
Charge for the period / year	59,957	55,690
Reversals	(34,985)	(64,182)
Closing balance	<u>251,610</u>	<u>226,638</u>

These primarily represents provision against off balance sheet exposures such as bank guarantees.

18.3 The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government by Finance Act 2008 for the levy of Worker's Welfare Funds (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive until the review petition is decided. Accordingly, the amount charged for WWF since 2008 has not been reversed.

18.4 This represents liabilities on leases meeting the criteria prescribed within IFRS 16.

19 SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX

	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
		----- (Rupees in '000) -----	
Surplus arising on revaluation of:			
Fixed assets	19.1	7,727,339	7,745,270
Available for Sale Securities	19.2	46,625	407,208
		<u>7,773,964</u>	<u>8,152,478</u>
Deferred tax on surplus on revaluation of:			
Fixed assets	19.1	(276,546)	(254,107)
Available for Sale Securities	19.2	(18,184)	(142,523)
		<u>(294,730)</u>	<u>(396,630)</u>
		<u>7,479,234</u>	<u>7,755,848</u>

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		Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
			(Rupees in '000)	
19.1	Surplus on revaluation of fixed assets - net of tax			
	Surplus on revaluation of fixed assets - as at opening		7,745,270	5,642,052
	Recognised during the year		-	2,186,104
	Realised on disposal during the period		-	(58,169)
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(17,931)	(24,717)
	Surplus on revaluation of fixed assets as at closing - Gross		7,727,339	7,745,270
	Less: Related deferred tax liability on:			
	Revaluation surplus as at 1 January		(254,107)	(194,429)
	Revaluation surplus recognised during the period		-	(88,688)
	Surplus realized on disposal during the period		-	20,359
	Deferred tax rate impact		(29,432)	-
	Incremental depreciation charged during the period		6,993	8,651
			(276,546)	(254,107)
	Surplus on revaluation of fixed assets as at closing - net of tax		7,450,793	7,491,163
19.2	(Deficit) / Surplus on revaluation of Available for Sale securities - net of tax			
	Market Treasury Bills		48,104	107,296
	Pakistan Investment Bonds		(151,000)	322,377
	Sukuk and Ijarah Bonds		48,543	(85,111)
	Listed shares		100,978	62,646
			46,625	407,208
	Related deferred tax liability		(18,184)	(142,523)
			28,441	264,685
20	CONTINGENCIES AND COMMITMENTS			
	Guarantees	20.1	116,253,485	122,977,374
	Commitments	20.2	428,569,360	437,684,085
	Other contingent liabilities	20.3	10,435,482	10,858,932
			555,258,327	571,520,390
20.1	Guarantees:			
	Guarantees issued favouring:			
	Financial guarantees		11,199,039	15,716,609
	Performance guarantees		81,638,504	75,028,239
	Other guarantees		23,415,942	32,232,527
			116,253,485	122,977,374
20.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	Letters of credit		30,183,216	30,432,016
	Commitments in respect of:			
	Forward foreign exchange contracts;			
	- Purchase	20.4	210,459,694	198,686,967
	- Sale	20.4	148,866,047	171,348,315
	Commitment in respect of derivatives			
	- Interest rate swaps	20.6	13,877,186	8,991,700
	- Cross currency swaps	20.6	25,102,608	28,171,806
	Commitment in respect of operating lease	20.7	1,213	2,427
	Commitment for acquisition of fixed assets		79,396	50,854
			428,569,360	437,684,085
			10,435,482	10,858,932
20.3	Other contingent liabilities			
20.3.1	The Bank has a case before the Court on the land where an office building is constructed and the Bank owns a portion of that premises. A request for clearance of its premises from the competent court has been filed based on the fact that the Bank is a bonafide purchaser of the premises having no relevance with the principal case. Considering the facts of the case, the management expects a favourable decision in this case from the competent court. The Bank is also in litigation with various tenants for repossessing its office space in one of its other owned properties. These cases are now being adjudicated before the Court of Rent Controller. Based on the facts of the case and the opinion of legal counsel, the management expects a favourable decision from the dealing court in remaining cases.			
20.3.2	An order for income year 2011 levying Federal Excise Duty of Rs. 515.6 million has been issued. The demand has been stayed by the Sindh High Court.			

20.3.3 The tax department amended the assessments for income years 2007 to 2019 (tax years 2008 to 2020 respectively) under the related provisions of the Income Tax Law and appeals against the amended assessment orders are pending before different appellate forums. The management considers that a significant amount of the additional tax liability is the result of timing differences and is confident that the issues in the above mentioned tax years will be decided in favour of the Bank at appellate forums. Accordingly, no additional provision is required. Further, the Sindh High Court has decided the issue of goodwill amortisation in favour of the Bank for the tax years 2008 and 2012 and the Federal Board of Revenue has filed leave to appeal before the Supreme Court of Pakistan

20.4 Commitments in respect of forward foreign exchange contracts

	30 June 2021 (Un-audited)	31 December 2020 (Audited)
	----- (Rupees in '000) -----	
Purchase from:		
State Bank of Pakistan	18,432,023	47,420,648
Other banks	184,728,456	148,275,310
Customers	7,299,215	2,991,009
	<u>210,459,694</u>	<u>198,686,967</u>
Sale to:		
State Bank of Pakistan	145,519,817	153,276,067
Other banks	3,346,230	18,072,249
Customers	<u>148,866,047</u>	<u>171,348,315</u>

The maturities of the above contracts are spread over a period of one year

20.5 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

20.6 Commitments in respect of derivatives

	30 June 2021 (Un-audited)	31 December 2020 (Audited)
	----- (Rupees in '000) -----	
Interest rate Swaps	9,938,593	4,995,850
- Purchase	3,938,593	3,995,850
- Sale	<u>13,877,186</u>	<u>8,991,700</u>
Cross currency Swaps	8,592,741	7,778,114
- Purchase	16,509,867	20,393,692
- Sale	<u>25,102,608</u>	<u>28,171,806</u>

20.7 Commitments in respect of operating lease

Not later than one year	511	1,553
Later than one year and not later than five years	702	874
Later than five years	<u>1,213</u>	<u>2,427</u>

20.8 Derivative instruments

20.8.1 Product analysis

		30 June 2021 (Un-audited)					
		(Rupees in '000)					
		Interest Rate Swaps		Cross Currency Swaps		FX Options	
Counterparties		Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss
With Banks for		-	-	-	-	-	-
	Hedging	-	-	-	-	-	-
	Market Making	3,938,593	(1,868)	6,303,616	(375,287)	-	-
With FIs other than banks		-	-	-	-	-	-
	Hedging	-	-	-	-	-	-
	Market Making	-	-	-	-	-	-
With other entities for		-	-	-	-	-	-
	Hedging	-	-	-	-	-	-
	Market Making	9,938,593	50,305	18,798,992	(2,544,290)	-	-
Total		-	-	-	-	-	-
	Hedging	-	-	-	-	-	-
	Market Making	13,877,186	48,437	25,102,608	(2,919,577)	-	-

31 December 2020 (audited)						
(Rupees in '000)						
Counterparties	Interest Rate Swaps		Cross Currency Swaps		FX Options	
	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss
With Banks for						
Hedging	-	-	-	-	-	-
Market Making	3,995,850	(18,492)	7,717,974	(393,430)	-	-
With FIs other than banks						
Hedging	-	-	-	-	-	-
Market Making	-	-	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market Making	4,995,850	42,578	20,453,832	(3,081,810)	-	-
Total						
Hedging	-	-	-	-	-	-
Market Making	8,991,700	24,086	28,171,806	(3,475,240)	-	-

* At the exchange rate prevailing at period end

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Note	Three months period ended 30 June 2021 (Un-audited)	Six months period ended 30 June 2021 (Un-audited)	Three months period ended 30 June 2020 (Un-audited)	Six months period ended 30 June 2020 (Un-audited)
	(Rupees in '000)			
21 MARK-UP / RETURN / INTEREST EARNED				
On loans and advances to customers	4,517,070	8,778,254	6,417,009	13,928,152
On loans and advances to financial institutions	13,386	29,367	7,912	12,508
On investments in i) Held for trading securities	109,575	262,914	417,534	605,664
ii) Available for sale securities	6,436,334	12,213,860	7,128,978	14,810,808
On deposits with financial institutions / State Bank of Pakistan	574	672	5,735	27,222
On securities purchased under resale agreements	68,283	167,555	346,136	546,588
On call money lending / placements	59,853	134,131	93,824	287,381
	<u>11,205,075</u>	<u>21,586,753</u>	<u>14,417,128</u>	<u>30,218,323</u>
22 MARK-UP / RETURN / INTEREST EXPENSED				
Deposits	4,227,946	8,183,302	5,330,589	11,970,395
Securities sold under repurchase agreements	238,199	326,916	45,481	574,023
Call borrowings	196	1,370	3,525	11,906
Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	114,300	212,071	108,983	195,868
Cost of foreign currency swaps against foreign currency deposits / borrowings	97,856	114,297	815,073	1,503,076
Deposit protection premium	129,994	259,989	107,308	214,426
Finance cost of lease liability	77,065	147,456	111,119	214,579
	<u>4,885,556</u>	<u>9,245,401</u>	<u>6,522,078</u>	<u>14,684,273</u>
22.1 As per State Bank of Pakistan DPC Circular No. 04 of 2018, dated 22nd June 2018, all member banks are required to pay deposits protection premium at the rate of 0.16 percent on eligible deposits as defined in the aforesaid circular.				
Note	Three months period ended 30 June 2021 (Un-audited)	Six months period ended 30 June 2021 (Un-audited)	Three months period ended 30 June 2020 (Un-audited)	Six months period ended 30 June 2020 (Un-audited)
	(Rupees in '000)			
23 FEE & COMMISSION INCOME				
Branch banking customer fees	88,564	183,078	72,215	160,867
Consumer finance related fees	20,042	44,713	9,806	19,455
Card related fees (debit and credit cards)	303,568	837,949	161,357	498,848
Credit related fees	1,822	3,624	122,436	150,615
Investment banking fees	39,448	72,347	23,425	45,085
Brokerage charges	(15,261)	(35,706)	(17,619)	(41,776)
Commission on trade and cash management	135,481	333,794	86,095	324,904
Commission on guarantees	60,039	151,265	107,074	279,300
Commission on remittances including home remittances	52,428	99,546	46,401	93,767
Commission on bancassurance	24,267	44,469	16,629	41,487
Custody Fees	55,369	97,530	49,863	104,025
	<u>765,767</u>	<u>1,832,609</u>	<u>677,682</u>	<u>1,676,577</u>
24 FOREIGN EXCHANGE INCOME				
Gain/ (loss) realised from dealing in Foreign Currencies	1,083,895	2,053,246	1,657,909	2,816,547
Derivative financial instruments	(435,078)	(922,556)	68,409	(214,273)
	<u>648,817</u>	<u>1,130,690</u>	<u>1,726,318</u>	<u>2,602,274</u>
25 GAIN / (LOSS) ON SECURITIES				
Realised	898,109	1,324,943	1,380,122	2,450,765
Unrealised - held for trading	(32,244)	68,333	(183,330)	239,122
	<u>865,865</u>	<u>1,393,276</u>	<u>1,196,792</u>	<u>2,689,887</u>
25.1 Realised gain on:				
Federal Government Securities	446,960	794,001	1,027,025	1,834,233
Market Treasury Bills	454,021	526,226	353,097	598,357
Pakistan Investment Bonds	(2,872)	4,716	-	18,175
Ijarah Sukuk	898,109	1,324,943	1,380,122	2,450,765
26 OTHER INCOME				
Rent on property	12,372	14,650	55	3,166
Gain on sale of fixed assets - net	-	3,937	3,310	4,477
Sri Lanka branch operations cost & FX translation	65	(4,149)	862	2,320
Gain on lease termination	11,220	40,758	-	-
Gain on acquisition of assets	-	1,567	-	5,015
	<u>23,657</u>	<u>56,763</u>	<u>4,227</u>	<u>14,978</u>

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27 OPERATING EXPENSES

Note

Three months period ended	Six months period ended	Three months period ended	Six months period ended
30 June 2021 (Un-audited)	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)	30 June 2020 (Un-audited)

(Rupees in '000)

Total compensation expense	1,682,001	3,247,648	1,599,895	3,121,561
Property expense				
Rent & taxes	15,809	32,765	37,645	76,523
Insurance	604	1,440	3,197	5,837
Utilities cost	56,949	119,293	54,554	109,327
Security (including guards)	49,962	102,645	47,256	94,468
Repair & maintenance	39,754	98,669	45,529	95,442
Civil works	35,086	105,579	41,098	80,710
Facilities management cost	31,105	62,237	34,261	68,523
Depreciation (Property related)	31,556	64,288	42,686	86,377
Depreciation (Right of use assets)	135,045	281,073	163,866	327,100
Cleaning and Janitorial	124,566	218,565	106,935	199,985
Minor improvements, additions and others	7,911	27,639	29,290	38,888
	528,347	1,114,193	606,317	1,183,180
Information technology expenses				
Software maintenance	87,442	149,864	45,626	87,982
Hardware maintenance	71,348	156,868	91,650	156,133
Depreciation (IT related)	70,530	137,025	58,980	106,878
Amortization	3	6	13	26
Network charges	4,009	7,287	519	2,074
	233,332	451,050	196,788	353,093
Other operating expenses				
Directors' fees and allowances	3,125	6,225	5,550	5,550
Fees and allowances to Shariah Board	3,835	6,877	2,298	4,906
Legal & professional charges	27,136	79,812	89,337	116,135
Outsourced services costs	21,410	50,301	12,525	79,826
Travelling & conveyance	5,362	13,757	9,859	42,641
Depreciation (Other fixed assets)	17,783	35,861	19,841	39,778
Training & development	636	2,150	1,373	2,970
Postage & courier charges	15,386	64,601	26,830	60,208
Communication	80,934	157,467	77,557	159,072
Stationery & printing	31,161	81,330	30,165	65,018
Marketing, advertisement & publicity	59,794	113,565	49,305	124,471
Donations	-	-	19,758	19,758
Auditors remuneration	10,404	15,904	6,500	13,500
Cash transportation services	18,708	36,974	16,652	35,055
Documentation and processing charges	40,665	76,354	32,758	72,721
Insurance	7,816	19,009	5,091	10,907
Others	16,053	45,618	31,514	105,545
	360,208	805,805	436,913	958,061
	2,803,888	5,618,696	2,839,913	5,615,895

28 OTHER CHARGES

Net charge against fines and penalties imposed by SBP	(12,762)	3,322	2,885	2,885
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29 REVERSALS / (PROVISIONS) & WRITE OFFS - NET

Reversals / (provision) against loans and advances	10.3 & 18.2	139,562	679,599	(964,263)	(1,128,476)
Recovery of amounts written off		88,065	199,908	37,052	91,873
Bad debts written off directly		(74,958)	(153,948)	(107,671)	(185,304)
Fixed assets write offs		(4,815)	(4,815)	-	-
Provision against other assets		-	-	(52,282)	(52,282)
		147,854	720,744	(1,087,164)	(1,274,189)

30 TAXATION

- Current		2,049,628	4,881,465	3,842,680	7,128,502
- Prior years		-	-	23,666	23,666
- Deferred		475,517	286,902	(920,777)	(751,179)
		2,525,145	5,168,367	2,945,569	6,400,989

31 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period		3,565,219	6,784,193	4,542,477	9,850,927
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(Number of shares)

Weighted average number of ordinary shares		3,871,585,021	3,871,585,021	3,871,585,021	3,871,585,021
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(Rupees)

Earnings per share - basic and diluted		0.92	1.75	1.17	2.54
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32 FAIR VALUE OF FINANCIAL INSTRUMENTS

32.1 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments	Note	30 June 2021 (Un-audited)						Fair value			
		Carrying value									
		Held for Trading	Available for Sale	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)									
Financial assets measured at fair value											
- Investments											
Federal Government Securities (T-bills + PIBs + Sukuks + Nawn Pakistan Certificates)		20,773,299	362,095,940	-	-	-	382,779,239	-	382,779,239	-	382,779,239
Sukuk Bonds (other than government)		-	100,319	-	-	-	100,319	-	100,319	-	100,319
Equity securities traded (Shares)		-	154,229	-	-	-	154,229	154,229	-	-	154,229
- Other assets											
Unrealized gain on Forward foreign exchange contracts		1,983,778	-	-	-	-	1,983,778	-	1,983,778	-	1,983,778
Unrealized gain on Interest rate derivatives & currency options		278,232	-	-	-	-	278,232	-	278,232	-	278,232
Financial assets not measured at fair value											
- Cash and bank balances with SBP and NBP	32.2	-	-	-	52,823,749	-	52,823,749	-	-	-	-
- Balances with other banks	32.2	-	-	-	7,393,184	-	7,393,184	-	-	-	-
- Lendings to financial institutions	32.2	-	-	-	22,194,832	-	22,194,832	-	-	-	-
- Bai Muajjal with GOP	32.2	-	-	-	1,390,978	-	1,390,978	-	-	-	-
- Investments - ordinary shares	32.2	-	50,000	-	-	-	50,000	-	-	-	-
- Advances	32.2	-	-	217,627,894	-	-	217,627,894	-	-	-	-
- Other assets	32.2	-	-	-	26,091,317	-	26,091,317	-	-	-	-
		23,035,309	362,310,488	217,627,894	109,894,060	-	712,867,751	-	-	-	-
Financial liabilities measured at fair value											
- Other liabilities											
Unrealized loss on Forward foreign exchange contracts	32.2	3,791,629	-	-	-	-	3,791,629	-	3,791,629	-	17,732
Unrealized loss on Interest rate derivatives & currency options	32.2	3,149,372	-	-	-	-	3,149,372	-	3,149,372	-	72,965
Financial liabilities not measured at fair value											
- Bills Payable	32.2	-	-	-	15,578,043	-	15,578,043	-	-	-	-
- Deposits and other accounts	32.2	-	-	-	588,588,500	-	588,588,500	-	-	-	-
- Borrowings	32.2	-	-	-	25,560,247	-	25,560,247	-	-	-	-
- Other liabilities (excluding liabilities against assets subject to finance lease)	32.2	-	-	-	26,860,410	-	26,860,410	-	-	-	-
		6,941,001	-	-	656,587,200	-	662,528,201	-	-	-	-
Off-balance sheet financial instruments											
Interest Rate swaps / Foreign currency options / Forward purchase contracts		-	-	-	228,991,028	-	228,991,028	-	231,253,038	-	231,253,038
Interest Rate swaps / Foreign currency options / Forward sale contracts		-	-	-	169,314,508	-	169,314,508	-	176,255,509	-	176,255,509
31 December 2020 (audited)											
On balance sheet financial instruments		Carrying value						Fair value			
		Held for Trading	Available for Sale	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)									
Financial assets measured at fair value											
- Investments											
Federal Government Securities (T-bills + PIBs + Sukuk)		36,541,808	312,537,271	-	-	-	349,079,079	-	349,079,079	-	349,079,079
Sukuk Bonds (other than government)		-	201,364	-	-	-	201,364	-	201,364	-	201,364
Equity securities traded (Shares)		-	114,339	-	-	-	114,339	114,339	-	-	114,339
- Other assets											
Unrealized gain on Forward foreign exchange contracts		3,709,568	-	-	-	-	3,709,568	-	3,709,568	-	3,709,568
Unrealized gain on Interest rate derivatives & currency options		294,883	-	-	-	-	294,883	-	294,883	-	294,883
Financial assets not measured at fair value											
- Cash and bank balances with SBP and NBP	32.2	-	-	-	54,366,569	-	54,366,569	-	-	-	-
- Balances with other banks	32.2	-	-	-	11,271,237	-	11,271,237	-	-	-	-
- Lendings to financial institutions	32.2	-	-	-	69,551,802	-	69,551,802	-	-	-	-
- Bai Muajjal with GOP	32.2	-	-	-	1,390,978	-	1,390,978	-	-	-	-
- Investments - ordinary shares	32.2	-	50,000	-	-	-	50,000	-	-	-	-
- Advances	32.2	-	-	178,216,374	-	-	178,216,374	-	-	-	-
- Other assets	32.2	-	-	-	12,832,462	-	12,832,462	-	-	-	-
		40,546,259	312,902,965	178,216,374	149,413,048	-	681,078,646	-	-	-	-
Financial liabilities measured at fair value											
- Other liabilities											
Unrealized loss on Forward foreign exchange contracts	32.2	4,602,999	-	-	-	-	4,602,999	-	4,602,999	-	4,602,999
Unrealized loss on Interest rate derivatives & currency options	32.2	3,746,037	-	-	-	-	3,746,037	-	3,746,037	-	3,746,037
Financial liabilities not measured at fair value											
- Bills Payable	32.2	-	-	-	10,712,040	-	10,712,040	-	-	-	-
- Deposits and other accounts	32.2	-	-	-	556,505,923	-	556,505,923	-	-	-	-
- Borrowings	32.2	-	-	-	23,293,381	-	23,293,381	-	-	-	-
- Other liabilities (excluding liabilities against assets subject to finance lease)	32.2	-	-	-	37,070,106	-	37,070,106	-	-	-	-
		8,349,036	-	-	627,581,450	-	635,930,486	-	-	-	-
Off-balance sheet financial instruments											
Interest Rate swaps / Foreign currency options / Forward purchase contracts		-	-	-	211,460,930	-	211,460,930	-	215,465,381	-	215,465,381
Interest Rate swaps / Foreign currency options / Forward sale contracts		-	-	-	195,737,860	-	195,737,860	-	204,086,896	-	204,086,896

32.2 These financial assets and liabilities are for short term or reprice over short term. Therefore their carrying amounts are reasonable approximation of fair value.

32.3 Fair value of non-financial assets

Fair value of non-financial assets					Fair value of non-financial assets				
30 June 2021 (Un-audited)					31 December 2020 (audited)				
Carrying value	Fair value				Carrying value	Fair value			
	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
----- Rupees in '000 -----					----- Rupees in '000 -----				
Fixed assets	11,180,695	-	-	11,180,695	11,910,762	-	-	11,910,762	

32.4 During the period ended 30 June 2021, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

32.5 The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities
 Level 2 Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
 Level 3 Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government Securities (T-bills + PIBs + Sukuk)	The fair values of Federal Government securities are determined on the basis of rates/prices sourced from Reuters.
Non-Government debt securities (Sukuk Bonds (other than government))	Investment in non-Government debt securities denominated in Rupees are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP).
Derivatives	The Group enters into derivatives contracts with various counter parties. Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Forward foreign exchange contracts	The fair values of forward foreign exchange contracts are determined using forward pricing calculations.
Fixed assets	Land, buildings are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

	30 June 2021 (Un-audited)			
	Corporate Commercial Institutional Banking	Consumer Private Business Banking	Central and Other Items	Total
	(Rupees in '000)			
Profit & loss				
Inter segment revenue - net	1,672,686	8,914,826	(10,587,512)	-
Net mark-up / return / profit	1,558,643	(1,964,486)	12,747,195	12,341,352
Non mark-up / return / interest income	2,683,087	2,122,678	24,978	4,830,743
Total Income	5,914,416	9,073,018	2,184,661	17,172,095
Segment direct expenses	1,708,217	3,616,836	615,226	5,940,279
Inter segment expense allocation	-	-	-	-
Total expenses	1,708,217	3,616,836	615,226	5,940,279
(Reversals) / provisions	(888,557)	162,998	4,815	(720,744)
Profit before taxation	5,094,756	5,293,184	1,564,620	11,952,560
Balance sheet				
Cash & bank balances	-	-	60,216,933	60,216,933
Investments	20,773,299	50,000	362,260,487	383,083,786
Net inter segment lending	92,126,329	324,738,001	(416,864,330)	-
Lendings to financial institutions	961,113	-	21,233,719	22,194,832
Advances - performing	178,987,732	35,157,220	-	214,144,952
- non performing	2,694,908	788,034	-	3,482,942
Others	42,036,854	14,936,301	18,116,677	75,089,832
Total assets	337,580,235	375,669,556	44,963,486	758,213,277
Borrowings	-	-	25,560,247	25,560,247
Deposits & other accounts	213,919,750	374,610,899	57,851	588,588,500
Net inter segment borrowing	63,465,894	-	(63,465,894)	-
Others	60,194,591	1,058,657	5,251,359	66,504,607
Total liabilities	337,580,235	375,669,556	(32,596,437)	680,653,354
Equity	-	-	77,559,923	77,559,923
Total equity & liabilities	337,580,235	375,669,556	44,963,486	758,213,277
Contingencies & commitments	184,989,490	427,004	369,841,832	555,258,326
	30 June 2020 (Un-audited)			
Inter segment revenue - net	(1,342,333)	13,662,721	(12,320,388)	-
Net mark-up / return / profit	5,157,411	(4,671,572)	15,048,211	15,534,050
Non mark-up / return / interest income	6,411,149	1,506,434	56,747	7,974,330
Total Income	10,226,227	10,497,583	2,784,570	23,508,380
Segment direct expenses	1,706,597	3,598,210	677,468	5,982,275
Inter segment expense allocation	-	-	-	-
Total expenses	1,706,597	3,598,210	677,468	5,982,275
(Reversals) / provisions	1,151,861	122,328	-	1,274,189
Profit before taxation	7,367,769	6,777,045	2,107,102	16,251,916
Balance sheet				
Cash & bank balances	-	-	52,780,325	52,780,325
Investments	35,176,876	-	312,733,523	347,910,399
Net inter segment lending	83,590,273	308,154,102	(391,744,375)	-
Lendings to financial institutions	-	-	55,203,427	55,203,427
Advances - performing	158,191,692	26,355,654	-	184,547,346
- non performing	2,861,584	647,433	-	3,509,017
Others	27,089,267	15,064,821	19,934,037	62,088,125
Total assets	306,909,692	350,222,010	48,906,937	706,038,639
Borrowings	-	-	20,203,820	20,203,820
Deposits & other accounts	197,908,915	348,791,880	20,484	546,721,279
Net inter segment borrowing	56,078,559	-	(56,078,559)	-
Others	52,922,219	1,430,129	7,372,862	61,725,210
Total liabilities	306,909,693	350,222,009	(28,481,393)	628,650,309
Equity	-	-	77,388,330	77,388,330
Total equity & liabilities	306,909,693	350,222,009	48,906,937	706,038,639
Contingencies & commitments	177,769,605	271,929	373,880,419	551,921,953

During the period, the Bank has revised the composition of its reportable segments. This is in line with the change in the Organizational structure in the Bank. Accordingly, the comparative information has been restated to bring it in line with the current Organizational structure of the Bank. This change has no impact on the Bank's overall profit and loss account, balance sheet or reported metrics.

Corporate Commercial and Institutional Banking

Corporate Commercial & Institutional Banking comprises Global Subsidiaries, International Corporates, Local Corporates and Small & Medium sized clients, Financial Institutions and Sovereign clients. The product and services offered include deposits & cash management, trade, advisory services, secured lending, structured financing, FX forwards and derivatives

Consumer Private Business Banking (CPBB)

Consumer Private Business Banking (CPBB) serves priority, premium, personal and business banking clients. The product and service offering include wealth management, deposits, secured lending (mortgages, auto loans, overdrafts etc.) and unsecured lending (credit cards, personal loans etc.).

Central & Other Items

Activities not directly related to a client segments are included in Central & other Items. This mainly includes Treasury-Markets (Asset and Liability Management), specific strategic investments (if any) and certain central costs of the Bank such as workers welfare fund and property management unit.

All segments offer a complete suite of Islamic Banking products and services under Standard Chartered Saadiq brand and state of the art digital banking solutions. Refer note 36 for Islamic Banking Business.

34 RELATED PARTY TRANSACTIONS

Related parties comprise of Standard Chartered Plc., ultimate parent company, its other subsidiaries and branches, key management personnel, employees' retirement benefit funds and other associated undertakings. The transactions with related parties are conducted at commercial / agreed terms. The Bank also provides advances to employees at reduced rates in accordance with their terms of employment.

The transactions and balances with related parties are summarised as follows:

	30 June 2021 (Un-audited)				31 December 2020 (Audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	(Rupees in '000)							
Balances with other banks								
In current accounts	7,347,080	-	-	-	11,217,368	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-
	<u>7,347,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,217,368</u>	<u>-</u>	<u>-</u>	<u>-</u>
Lendings to financial institutions								
Opening balance	60,281,457	-	-	-	10,926,298	-	-	-
Addition during the year	1,149,613,609	-	-	-	5,599,059,302	-	-	-
Repaid during the year	(1,188,661,347)	-	-	-	(5,549,704,143)	-	-	-
Closing balance	<u>21,233,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,281,457</u>	<u>-</u>	<u>-</u>	<u>-</u>
Advances								
Opening balance	-	103	199,961	-	-	129	210,371	-
Addition during the year	-	750	130,649	-	-	357	55,524	-
Repaid during the year	-	(847)	(82,273)	-	-	(383)	(92,093)	-
Transfer in / (out) - net	-	-	1,925	-	-	-	26,159	-
Closing balance	<u>-</u>	<u>6</u>	<u>250,262</u>	<u>-</u>	<u>-</u>	<u>103</u>	<u>199,961</u>	<u>-</u>
Provision held against advances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other assets								
Interest / mark-up accrued	79	-	1,105	-	274	-	708	-
Receivable from staff retirement fund	-	-	-	8,726	-	-	-	8,726
Due from associated undertakings	39,817	-	-	-	50,803	-	-	-
Other receivable	-	-	-	-	-	-	-	-
	<u>39,896</u>	<u>-</u>	<u>1,105</u>	<u>8,726</u>	<u>51,077</u>	<u>-</u>	<u>708</u>	<u>8,726</u>
Borrowings								
Opening balance	58,592	-	-	-	666,612	-	-	-
Borrowings during the year	-	-	-	-	58,592	-	-	-
Settled during the year	(57,316)	-	-	-	(666,612)	-	-	-
Closing balance	<u>1,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,592</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deposits and other accounts								
Opening balance	568,666	163,244	101,742	147,670	597,736	190,190	94,863	176,457
Received during the year	169,519	898,933	648,494	628,895	23,284	386,922	779,925	1,495,593
Withdrawn during the year	(37,184)	(937,664)	(648,055)	(644,335)	(52,354)	(273,895)	(849,511)	(1,524,380)
Transfer in / (out) - net	-	-	(13,538)	-	-	(139,973)	76,465	-
Closing balance	<u>701,001</u>	<u>124,513</u>	<u>88,643</u>	<u>132,230</u>	<u>568,666</u>	<u>163,244</u>	<u>101,742</u>	<u>147,670</u>
Other liabilities								
Due to holding company	10,275,556	-	-	-	10,279,247	-	-	-
Other liabilities	-	2,408	-	-	-	2,424	-	-
	<u>10,275,556</u>	<u>2,408</u>	<u>-</u>	<u>-</u>	<u>10,279,247</u>	<u>2,424</u>	<u>-</u>	<u>-</u>
Contingencies and commitments								
Transaction-related contingent liabilities - guarantees	53,843,775	-	-	-	52,344,101	-	-	-
Commitments in respect of forward foreign exchange contracts	5,344,077	-	-	-	7,249,968	-	-	-
Derivatives								
Derivative instruments - Interest rate swaps - notional	9,152,022	-	-	-	10,078,450	-	-	-
Derivative assets	71,327	-	-	-	170,140	-	-	-
Derivative liabilities	162,490	-	-	-	83,468	-	-	-

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	30 June 2021 (Un-audited)				30 June 2020 (Un-audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
(Rupees in '000)								
Income								
Mark-up / return / interest earned	29,284	44	13,853	-	79,438	-	16,141	-
Fee and commission income	7,169	71	19	-	4,015	-	-	-
Income / (loss) from derivatives	(12,148)	-	-	-	24,312	-	-	-
Expense								
Mark-up / return / interest paid	11	3,731	1,681	4,095	762	6,368	2,443	6,627
Fee and commission expense	-	-	-	-	118,687	-	-	-
Operating expenses	(3,044)	6,225	215,053	-	-	5,550	206,595	-
Rent and renovation expense	-	-	-	-	-	-	1,761	-
Other transactions								
Dividend paid	10,538,933	-	-	-	-	-	-	-
Contribution to defined contribution plans	-	-	-	180,724	-	-	-	211,760
Net charge for defined contribution plans	-	-	-	180,724	-	-	-	211,760

The term 'related party' shall have the same meaning as specified under IAS 24 - 'Related party disclosures'.

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	30 June 2021 (Un-audited)	31 December 2020 (Audited)
----- (Rupees in '000) -----		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	38,715,850	38,715,850
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	51,914,279	55,741,395
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	51,914,279	55,741,395
Eligible Tier 2 Capital	10,138,430	10,326,801
Total Eligible Capital (Tier 1 + Tier 2)	62,052,709	66,068,196
Risk Weighted Assets (RWAs):		
Credit Risk	253,802,914	244,630,751
Market Risk	33,808,753	35,690,543
Operational Risk	65,193,246	65,193,246
Total	352,804,913	345,514,540
Common Equity Tier 1 Capital Adequacy ratio	14.71%	16.13%
Tier 1 Capital Adequacy Ratio	14.71%	16.13%
Total Capital Adequacy Ratio	17.59%	19.12%
Minimum CAR (including Capital Conservation Buffer)	11.50%	11.50%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	51,914,279	55,741,395
Total Exposures	918,714,333	890,457,988
Leverage Ratio	5.65%	6.26%
Minimum SBP Requirement	3.00%	3.00%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	395,949,129	373,606,111
Total Net Cash Outflow	76,013,070	71,997,249
Liquidity Coverage Ratio	520.9%	518.9%
Minimum SBP Requirement	100.0%	100.0%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	543,551,039	525,536,317
Total Required Stable Funding	219,435,872	203,256,573
Net Stable Funding Ratio	248%	259%
Minimum SBP Requirement	100%	100%

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36 ISLAMIC BANKING BUSINESS

The bank is operating 2 (31 December 2020: 3) Islamic banking branches and 43 (31 December 2020: 50) Islamic banking windows at the end of the period.

	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		3,382,774	3,503,921
Due from financial institutions	36.1	5,479,319	7,783,318
Investments	36.2	22,819,905	27,946,749
Islamic financing and related assets - net	36.3	60,757,489	38,838,529
Fixed assets		118,671	129,024
Other assets		2,041,525	2,041,447
Total Assets		94,599,683	80,242,988
LIABILITIES			
Bills payable		69,136	129,053
Due to financial institutions		5,820,000	3,634,000
Deposits and other accounts	36.4	59,189,846	57,741,816
Due to Head Office		16,603,926	8,426,720
Other liabilities		1,816,415	1,625,525
		83,499,323	71,557,114
NET ASSETS		11,100,360	8,685,874
REPRESENTED BY			
Islamic banking fund		500,000	200,000
Surplus / (deficit) on revaluation of assets		48,543	(85,111)
Unappropriated / unremitted profit	36.9	10,551,817	8,570,985
		11,100,360	8,685,874
CONTINGENCIES AND COMMITMENTS	36.6		

The profit and loss account of the Bank's Islamic banking branches for the period ended 30 June 2021 is as follows:

	Note	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
----- (Rupees in '000) -----			
Profit / return earned	36.7	3,282,617	3,590,726
Profit / return expensed	36.8	(684,460)	(1,108,734)
Net Profit / return		2,598,157	2,481,992
Other income			
Fee and commission income		287,990	257,402
Foreign exchange income		33,605	119,543
Gain on securities		20,178	18,175
Other income		29	2,660
Total other income		341,802	397,780
Total income		2,939,959	2,879,772
Other expenses			
Operating expenses		(953,778)	(978,887)
		(953,778)	(978,887)
Profit before provisions		1,986,181	1,900,885
Provisions and write offs - net		(5,349)	(14,585)
Profit before taxation		1,980,832	1,886,300

The Bank calculates and files a single corporate tax return as per the requirements of Income Tax Ordinance, 2001. Segmental calculation is not required for filing. However, considering the revised format requirement of the financial statements to disclose Islamic Banking segment's tax charge separately, a notional tax charge for Islamic Banking is expected to be Rs. 0.77 billion (30 June 2020: Rs. 0.74 billion).

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30 June 2021 (Un-audited)			31 December 2020 (Audited)		
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total

(Rupees in '000)

36.1 Due from Financial Institutions

Unsecured	-	5,479,319	5,479,319	-	5,937,897	5,937,897
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	1,845,421	-	1,845,421
	-	5,479,319	5,479,319	1,845,421	5,937,897	7,783,318

36.2 Investments by segments:

30 June 2021 (Un-audited)				31 December 2020 (Audited)			
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----							
Federal Government Securities:							
20,571,411	-	48,224	20,619,635	25,910,344	-	(86,475)	25,823,869
708,973	-	-	708,973	530,538	-	-	530,538
1,390,978	-	-	1,390,978	1,390,978	-	-	1,390,978
22,671,362	-	48,224	22,719,586	27,831,860	-	(86,475)	27,745,385
Non Government Debt Securities:							
-	-	-	-	-	-	-	-
100,000	-	319	100,319	200,000	-	1,364	201,364
100,000	-	319	100,319	200,000	-	1,364	201,364
22,771,362	-	48,543	22,819,905	28,031,860	-	(85,111)	27,946,749

30 June 2021 (Un-audited) 31 December 2020 (Audited)

---- (Rupees in '000) ----

36.3 Islamic financing and related assets

Murabaha	4,734,947	3,035,967
Musharaka	17,443,520	4,687,163
Diminishing Musharaka	25,624,460	24,831,187
Istisna	86,000	-
Musawammah	5,586,500	1,952,332
Ujrah (Saadiq Credit Cards)	381,697	381,515
Advances against Islamic assets - Murabaha	3,280,158	452,215
Advances against Islamic assets - Diminishing Musharakah	1,055,114	678,013
Advances against Islamic assets - Istisna	890,000	1,940,000
Inventory related to Islamic financing - Murabaha	2,990,130	2,190,561
Gross Islamic financing and related assets	62,072,526	40,148,953
Less: provision against Islamic financings		
Specific	(734,067)	(756,904)
General	(580,970)	(553,520)
	(1,315,037)	(1,310,424)
Islamic financing and related assets - net of provision	60,757,489	38,838,529

36.4 Deposits

Customers		
Current deposits	35,273,886	33,328,064
Savings deposits	22,140,840	22,612,472
Term deposits	835,785	907,203
Margin accounts	6,924	6,620
	58,257,435	56,854,359
Financial Institutions		
Current deposits	45,959	124,173
Savings deposits	886,452	763,284
Term deposits	-	-
	932,411	887,457
	59,189,846	57,741,816

36.5 Charity Fund

Opening balance	10,551	12,985
Additions during the period		
Received from customers on account of delayed payment	336	2,884
Other Non-Shariah compliant income	92	5,767
	428	8,651
Payments / utilization during the period		
Education	-	(1,323)
Health	(4,000)	(9,762)
	(4,000)	(11,085)
Closing balance	6,979	10,551

36.6 CONTINGENCIES AND COMMITMENTS

Guarantees	379,835	1,506,579
Commitments	10,620,630	22,809,028
Other contingent liabilities	7,458,288	5,943,508
	18,458,753	30,259,115

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36.7 Profit/Return Earned of Financing, Investments and Placement	30 June 2021 (Un-audited) ---- (Rupees in '000) ----	30 June 2020 (Un-audited) ---- (Rupees in '000) ----
Profit earned on:		
Financing	2,342,773	3,187,773
Investments	938,421	398,926
Placements	1,423	4,027
	<u>3,282,617</u>	<u>3,590,726</u>
36.8 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	(597,261)	(1,032,353)
Due to financial institutions	(44,680)	(39,859)
Deposit protection premium	(34,421)	(28,349)
Finance cost of lease liability	(8,098)	(8,173)
	<u>(684,460)</u>	<u>(1,108,734)</u>
36.9 Islamic Banking Business Unappropriated Profit		
Opening balance	8,570,985	7,911,668
Add: Islamic Banking profit for the period	1,980,832	2,659,317
Less: Transferred / Remitted to Head Office	-	(2,000,000)
Closing balance	<u>10,551,817</u>	<u>8,570,985</u>

36.10 Profit & Loss distribution and Pool Management

The Bank manages following assets pools for profit and loss distribution:

- a) Islamic Export Refinance Scheme (IERS) Musharakah Pool; and
- b) Mudarabah Depositors Pool

a) Islamic Export Refinance Scheme (IERS) Musharakah Pool

Banks create Musharakah Pool as advised by SBP, consisting of financing to a minimum of 10 blue chip companies on Islamic modes with diversification in multiple sectors. Banks's investment in Musharakah Pool is at least equal to the amount of export refinance availed from SBP. Key features, risks, rewards and calculation of profit / loss of IERS pool is as per SBP IER Scheme and the relevant circulars issued by SBP from time to time.

The relevant details are mentioned hereunder:

Type of Pool	Profit rate and weightage announcemen t period	Average return on Pool Assets	Bank Profit	SBP Profit	Bank Profit %	SBP Profit %
IERF Pool	Monthly	5.79%	234,749	45,516	83.76%	16.24%

b) Mudarabah Pool

The profit and loss sharing between the depositor (Rabb-ul-Maal) and Bank (Mudarib) is based upon the underlying principles of Mudaraba. In this regard, following pools are managed by the Bank;

1. General Pool
2. Special Pool
3. High Yield Pool
4. Special Term Deposit Pool .
5. Special Pool - CCIB

i) Key features and risk & reward characteristics

Saadiq Savings accounts & Term Deposit Account (Mudarabah based remunerative deposits) are Shariah compliant accounts based on the Islamic principle of "Mudarabah". Mudarabah is a partnership where one party provides funds to other for investing in a business. The partner who is investing the funds is "Rabb-ul-Mal (Depositor)" and the partner who manages the investment is "Mudarib" (Working Partner). The Bank (Mudarib) invests the funds in Shariah compliant avenues to generate return/profit. This return & profit is shared on the basis of profit & loss sharing as per the pre-agreed mechanism between the Bank and the customer.

In case of loss, the same is borne by the depositor in proportion to their investments, and the Bank (Mudarib) bears the loss of its efforts/services in managing Mudarabah.

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ii) Parameters used for allocation of profit, charging expenses and provisions

The profit is calculated from income earned on the remunerative assets tagged to the pool and is distributed between Mudarib (Bank) and Rabb-ul-Maal (Depositor) based on the declared sharing ratios and weightages before the beginning of the concerned period.

iii) Deployment of Mudaraba based deposits

The applications of the Mudaraba based remunerative deposits are Islamic Advances, Investments, and Placements for generating profits to be shared among the depositors as per the agreed and approved weightage mechanism. The deposits and funds are invested in different sectors and avenues including Sukuk, Bai Muajjal (backed by Government of Pakistan), Sugar, Textile, Fertilizer, Cement, Power, Packaging, Fast-moving consumer goods (FMCG), Rice, Edible Oil, Steel, Logistics, Automobiles etc.

iv) Other Information

	Type of Pool				
	General	Special	High Yield	Special Term Deposit	Special Term Deposit
Profit rate / weightage announcement frequency	Monthly	Monthly	Monthly	Monthly	Monthly
Mudarib share (amount in '000)	203,995	50,380	44,564	974	17,199
Mudarib share (%)	45.4%	36.1%	18.1%	19.1%	22.6%
Mudarib share transferred through Hiba (amount in '000)	20,799	11,235	26,804	633	8,897
Mudarib share transferred through Hiba (%)	9.3%	18.2%	37.6%	39.4%	34.1%
Average return on pool assets	7.2%	9.1%	7.3%	7.6%	7.4%
Average return on deposits	3.9%	6.1%	6.0%	3.9%	5.8%

37. GENERAL

37.1 Subsequent event

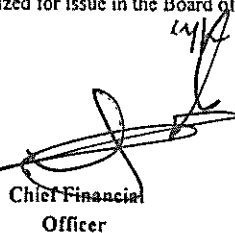
The Board of Directors in its meeting held on 24 August 2021 has declared a cash dividend of 12.50 % (Rs. 1.25/- per share) in respect of the half year ended 30 June 2021 (30 June 2020: Nil). These condensed interim financial statements do not include the effect of this dividend which will be accounted for subsequent to the period end.

37.2 Date of authorization

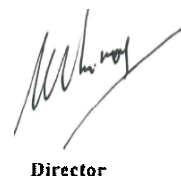
These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on 24 August 2021.


Chairman


Chief Executive Officer


Chief Financial Officer


Director


Director



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